

# Community Planning Services

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City of Salisbury  
132 North Main Street | 704.638.5324



**To:** Salisbury City Council  
**From:** Hannah Jacobson, Planning Director  
**Through:** W. Lane Bailey, City Manager  
**Subject:** Staff Recommended CDBG – CV Budget and Action Plan Amendment

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**Summary:** The City of Salisbury is eligible for a second allocation of CDBG-CV funds in the amount of \$200,221. In order to access the funding, the City must approve an amendment to the FY 20-21 Action Plan that outlines a budget for the additional funds. City Council held a public hearing on December 1, 2020 to gather input on how the funds could best help the community. The comment period remained open until December 25<sup>th</sup>, 2020. Comments received are summarized in Attachment A. The memo below outlines staff's recommended budget for the use of the CDBG-CV funds.

Following the City Council meeting on January 5, 2020, copies of the draft budget and Action Plan Amendment will be made available online or by request for public review and comment until January 12, 2020. Council will be asked to consider adoption of the Action Plan Amendment at its January 19, 2020 meeting.

## **Background:**

### CDBG - CV Round 1

On April 2, 2020 the US Department of Housing and Urban Development (HUD) announced an allocation of \$168,950 in CDBG funding to Salisbury to prevent, prepare for, and respond to the coronavirus (CDBG-CV). On June 2, 2020, City Council adopted an amendment to Salisbury's FY19-20 Action Plan that committed 100 percent of those funds to public service agencies (sub-recipients) who assist low-income individuals and families impacted by COVID-19. After a call-for-applications, ten sub-recipients were endorsed by Council. Staff has been working with these agencies to sign appropriate contracts, submit reimbursement requests, and appropriately track their activities needed for HUD reporting. *There is a remaining balance of \$34,834 that can still be distributed to public service agencies.*

### CDBG – CV Round 2

On September 11, 2020 the City was notified of a second allocation of CDBG-CV funds in the amount of \$200,221. To deploy these funds, Council will have to adopt an amendment to the FY20-21 Annual Action Plan to describe, broadly speaking, how the funds will be utilized. City Council held a public hearing on December 1 and opened a public comment period that ended on December 25, 2020.

Informed by public comments, Staff is recommending the CDBG-CV funds used to address the following needs:

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1. *Public Services.* Public service agencies need continued support, particularly those that address mental health, food distribution, and domestic violence. Staff recommends opening up another 'call for applications' and advertising community wide, similar to the process used in Spring 2020. There is still a balance of \$34,834 that has not yet been committed to agencies from the first round of CDBG-CV.
2. *Rent and Utility Assistance.* In the first round of CDBG-CV, Rowan Helping Ministries (RHM) received \$25,500 to provide rent and utility assistance. In addition to funds they have received from the City, several other large sums of funding have been received from other governmental and nongovernmental sources that must be expended immediately. RHM's award has been increased to \$1,900,000 to assist Rowan County residents through the HOPE Program. Over 500 Rowan County household applied to the HOPE program. The opportunity to apply was closed on November 11th leaving residents with no assistance after that date. RHM has processed over half of the applications and are on track to assist all who applied before the end of the application period.

Outside of the HOPE program RHM is receiving approximately 100 applications from Rowan County residents seeking financial assistance for rent and utilities *weekly*. Currently, the organization is using donor funds (including Share2Care funds for Salisbury Water customers) to assist those who are in crisis. They note that it is important to encourage residents to request a payment plan with utility providers and work to resolve their crisis this way prior to applying for assistance so that we focus on the most urgent needs.

3. *Emergency Sewer Lateral Repair Assistance.* During COVID-19, OneStop and Salisbury Rowan Utilities (SRU) is seeing an increase in the number of residents needing emergency repairs to the sewer lateral line connecting their home to the street. Damage is often due to collapse of old terra cotta materials or the intrusion of tree roots, and causes a significant health hazard. The cost of transferring a private lateral line to the public system is \$1,975. The cost of SRU simply repairing the private lateral line is approximately \$500-\$700. Currently, no payment relief (grants or loans) exist for low income people to apply to for assistance. Creation of an assistance program, which could be administered either through One Stop, SRU or possibly Rowan Helping Ministries, would greatly help low income people who are facing a health and safety crisis.
4. *Homeless Prevention Coordination.* Despite efforts such as foreclosure prevention or rent/utility assistance to keep people in their homes, it is very likely there will continue to be an uptick in the number of homeless people and families in the City. Coordination is needed that brings together all players – the Continuum of Care, Rowan County, RHM, business stakeholders, City Departments, and United Way, and others. Efforts are already underway within several uncoordinated groups in the City. A coordinated effort to move the City towards tackling some of the underlying issues related to

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homelessness would prove more than beneficial for public services agencies, local businesses, and citizens alike.

5. *Small Business Assistance.* Small businesses have been hurt by the pandemic more than others, and CDBG-CV funds can be used to create or fund small business assistance programs. Morganton and Hickory are just two examples of communities that use the annual allocation of CDBG funds to fund a small business loan or grant program, while many others have used the CDBG-CV funds for emergency, micro grants. Rowan County has just closed their small business grant application period. Options exist for how to utilize the funds:
- *Establish a small business grant program similar to the program created by Rowan County.*
    - Pro: Familiar to small businesses, could be offered relatively soon
    - Con: Administration of the program could consume a portion of the budget
  - *Invest funds into the KIVA platform, a crowdsourced loan/grant program that is being established in Salisbury region.*
    - Pro: Management of funds occurs through the Hub (Self Help Credit Union)
    - Con: New and untested platform in Salisbury

## Available Funds

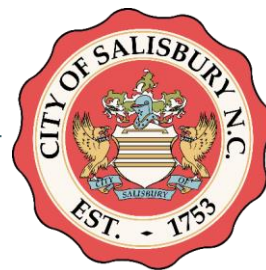
Available Funds		
CDBG-CV 1 <sup>st</sup> Round (remaining)	\$34,834	<i>Must be spent on public service activities.</i>
CDBG-CV 2 <sup>nd</sup> Round	\$200,221	May be spent on public service, housing activities, planning, economic development, infrastructure
Total Available Funds	\$235,055	

## Recommended Program Budget

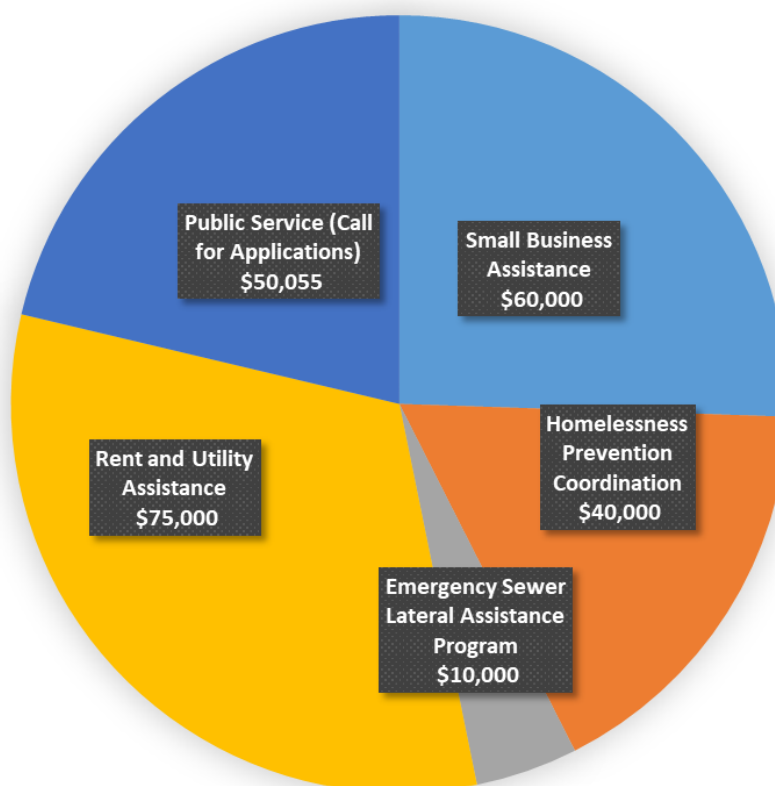
The chart below represents staff's recommended budget to fund the community needs described above.

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## Recommended CDBG-CV Project Budget



### Recommended Action Plan Amendment

In order to access the funds, Staff will need to submit to the US Department of Housing and Urban Development (HUD) an amendment to the FY 20-21 Action Plan. All of the programs described above are eligible activities for funding and are in support of the goals in Salisbury's 5-Year Consolidated Plan. Below is a table showing the recommended amendments.

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Consolidated Plan Goal	Adopted Action Plan Budget		Amended Action Plan	
	Program	Budget	Program	Budget
Increase Supply of Decent Affordable Housing	Owner Occupied Rehab Program	CDBG: \$113,674 HOME: \$97,200	No Change	
Improve Public Facilities and Infrastructure <sup>1</sup>	Lash Drive Sidewalk Project	CDBG: \$46,084	Ryan Street Sidewalk Project	No Change
			Emergency Sewer Lateral Repair	CDBG-CV: \$10,000
Provide Opportunities for Homeownership	Down Payment Assistance	HOME: \$20,000	No Change	
Provide Assistance to Public Service Agencies <sup>2</sup>	Public Service Direct Support	CDBG: \$46,084	Public Service Call for Applications:	CDBG-CV: \$15,221
			Rent and Utility Assistance:	CDBG-CV: \$75,000
Promote Business Growth and a Robust Workforce	No projects identified in FY 20-21		Small Business Assistance	CDBG-CV: \$60,000
Affirmatively further Fair Housing	No projects identified in FY 20-21		No Change	
Effectively Plan and Administer Programs <sup>3</sup>	Administration	CDBG: 61,445 HOME: \$7,476	Administration	CDBG: 61,443 HOME:\$7,052
			Homelessness Prevention Strategy	CDBG-CV: \$40,000

## Notes:

- Staff is recommending that Ryan Street from Celebration Drive to Old Concord Road be prioritized in FY 20-21. Cost estimates for Lash Drive exceeded available budget. Ryan Drive connects a low income housing development to a future sidewalk improvement on Old Concord Road.
- While only \$15,221 is recommended to be distributed to public service agencies from this allocation of CDBG-CV, there is a remaining \$34,834 that can still be used from the first allocation in the Spring. Therefore, a total of \$50,055 would be available.
- A minor error in HUD's allocation needs to be rectified. The impact of the error is a reduction of less than \$500.

CC:

Zack Kyle, Assistant City Manager  
Candace Edwards, Housing Planner